School Finance Beacon

The *Phil*-o-Sophic Corner

by Phil Williams

Hello, everyone. It's time once again for us to speak *Phil-o-sophically* about the current direction and future plans of the School Finance organization. Let's see now… If I remember correctly, we have already discussed our new mission statement (to help the LEAs get all of the revenue and budget capacity to which they are legally entitled) and our new organizational structure that was specifically designed to improve our "service delivery" capability. In the last issue, we talked about our goal (to become the best school finance organization in the nation) and introduced the concepts of *over-arching goals* and building *collaborative relationships* between stakeholders.

The first two issues of the *School Finance Beacon* provided a reasonable introduction to the philosophical stance of my organization, but it is now time for us to *ground* our lofty vision with a little *down-to-earth* talk. It might first appear that attacking a project of this magnitude might be a little too big for us to get our arms around. And your perception would be correct if we were to approach this objective by attacking the *whole thing*; it would just be too galactic in size and complexity. However, our approach is going to be similar to the way we'd have to eat an elephant. Since we cannot consume it all in one big bite, we will have to eat it in a series of smaller bites. I am employing this issue of the *School Finance Beacon* to try to define a possible *first bite of the elephant*.

I believe that the first bite of this elephant is for us to figure out how to answer three critical questions. The first critical question will be "How can we identify connections or links between administrative functions and better performance in the classroom?" The second critical question will be "How does our performance compare to education agencies in other states?" And, finally, we will have to better understand "What things need to be changed in our processes in order to improve the return on dollars invested for K-12 educational services?"

The one thing that is relatively straight-forward about achieving our goal is that we must begin to figure out how we can improve the *return on investment (ROI)* from every dollar we expend for educational services. If we can do that, it will contribute to improving the effectiveness and efficiency of the Arizona Education System. I also believe that implicit requirements associated with improving ROI suggest that we need to be able to identify *performance indicators* and be able to use them to measure the influence of those variables on the value created within the system. It stands to reason that if we could have a better understanding of the variables driving educational productivity, we would be better able to manage the critical success factors related to work performance. Control of those critical success factors would make us better able to increase our value contribution and, consequently, improve the ROI in the educational environment.

Classroom Site Fund

Per A.R.S. 15-977, the Joint Legislative Budget Committee (JLBC) is required to determine a per pupil amount for the next budget year by March 30th. Please watch for the FY2008 projection to be released the first week of April.

Upcoming Budget Date:

- MAY 15—Final Revised Budget Worksheets must be submitted with the final Budget Revision.

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Budget Updates

FY 2007 Budget Revisions—Infinite Visions Users

Many districts using Infinite Visions software experienced problems with transferring data from one year to the next, on their FY 2007 budgets. For example, in FY 2007 the district budgeted for $345,000 in K-3 Override (for M&O), but the actual budget uploaded to ADE reflected only $300,000. The $300,000 amount comes from the final FY 2006 revised budget and is showing up on the FY 2007 adopted budget . This problem is specific to **VISIONS USERS ONLY**. Please review your BUDG75 for FY06 and BUDG25 for FY 2007 to ensure their accuracy. If you need a copy of the budget version ADE is seeing, please email the ADE Budget Team at SFBudgetteam@azed.gov. Please contact your vendor for additional guidance.

Final FY 2007 Budget Revision Hints:

- If you intend to take full advantage of the calculated budget limit, you MUST budget for that total amount in the detail of all 3 state funds (M&O, Unrestricted Capital and Soft Capital). As an example for M&O, Page 1 line 30 must match page 7 line 11 in order for you to take full advantage of the calculated budget capacity.
- Double check your transfer of the RCL and CORL between M&O and Unrestricted Capital. Redistribution of these amounts IS NOT allowed after the May 15 final budget revision.
- If you are a type 03 district, make sure you include any tuition adjustments on page 7 of 8, line 1C reflecting the final invoice from the HS district.
- Final revised budget worksheets must be submitted with the final budget revision by May 15, 2007.

If you have any questions or concerns, please contact the budget team via email at SFBudgetteam@azed.gov.

Sudden Growth

Pursuant to A.R.S. 15-948, a district that is experiencing growth in their student population in the current year may apply for an "Advance Based on Growth." The request for "advance" allows ADE to include the dollars associated with this growth on the district's equalization calculation (page 2 of the APOR55-1 report). The district must include growth on the May 15th budget revision. If the district fails to include growth in their budget revision, ADE will reduce the district's June 15th equalization by the entire amount of growth paid.

If the district chooses not to apply for the "advance," as long as the district has included growth on the May 15th budget revision, growth will appear on page 2 of the district's June 15th APOR55-1 report. It is important to note that the June 15th APOR55-1 will use the lesser of the calculated growth (APOR55-2 report) or the amount included in the May 15th budget revision.

Information and forms required to apply for an "Advance Based on Growth" are available on our website at http://www.ade.az.gov/schoolfinance/Forms/GrowthForms/Default.asp. Forms received before the 5th of each month will be included in that month's equalization calculation. Forms received after the 5th will be included in the subsequent month's equalization calculation.

Due to the fact that revisions to student level data can be submitted through the last business day of June, all growth calculations will be recalculated during the first quarter of the following fiscal year.

Newest Budget Team Member—Marvin Mason

Marvin recently graduated from Western International University with an Associates of Arts degree in Business. He is currently working on his Bachelors of Science Degree in Business Management, majoring in accounting, and will complete that in a little over a year. Marvin's background includes 5 years in accounting with the Federal Aviation Administration in Oklahoma City. In December 2005, he moved to Phoenix after accepting a position with Bank of America as an Accounting Specialist. He looks forward to being an asset to the budget team. Marvin's future plans include completing his education and becoming a knowledgeable team member within School Finance.

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Integrity Validation for Year End Status

Beginning after the 100th day of instruction, school districts and charter schools may begin to see student integrity failure messages indicating that SAIS has no record of a year end status (i.e., promoted, retained, still enrolled, etc.) for currently enrolled students. The specific error message, –43204 *Student has neither a year end status nor a withdrawal*, applies to the integrity check for end–of–year Average Daily Membership (days 101 through the end of the school year) and to the integrity check for Year End Enrollment and therefore has no effect on funding. However, when data for the Year End Enrollment Report and Graduation Rate Study are extracted from SAIS following the end of the fiscal year, any student who has neither a year end status nor a withdrawal will be viewed as a dropout.

Year end status transactions may be submitted before or after the school year end date. Some districts and charters prefer to submit expected values well before the end of the school year and then correct those year end statuses that do not match expected student results. Those districts and charters who do not or cannot (due to Student Management System operational procedures) submit year end statuses prior to the actual end of the school year will begin to see the integrity failure detailed above after reaching the 100th day of instruction.

ADE has created a set of filters that may be applied at the time an integrity report is downloaded, which serve to reduce the burden of viewing integrity errors for year end status that a district or charter may be unable to correct for several months.

Visit the following link that provides guidance on the use of the integrity report filters: http://www.ade.az.gov/ schoolfinance/STaR/SAISBulletins/ FY2006-07/Num10.pdf.

Keep these important points in mind when managing data related to a student's year end status:

- Every student who retains his/her membership until the last scheduled day of school (students who have not withdrawn) must have a record of a year end status in SAIS before the end of the fiscal year.

- Students may not have a record of a withdrawal and a year end status at the same school in the same school year in SAIS.

- Funding is not affected for students who fail in integrity because they have neither a year end status nor withdrawal and therefore such students are not, for this reason, excluded from the SDADMS75 report.

- Districts and charters that adopt the use of integrity report filters to routinely filter out integrity errors relating to year end status, must be certain that those parties who are responsible for overseeing SAIS data submission download the report to show "All" integrity errors before closing out submissions for the year.

For more information, including the specific code values that relate to year end status, please see The Basic SAIS Transactions, available as part of the STaR Team SAIS Information Series at http:// www.ade.az.gov/schoolfinance/star.

Whenever you have immediate need for assistance with specific issues related to SAIS, please visit our web site at http:// www.ade.az.gov/schoolfinance/star/ and click on "Request for SAIS Training and Assistance."

Newest STaR Team Member— Steven Loritz

Steven Loritz joined the STaR team in January 2007. He has ten years of experience in IT support and management. He has primarily worked in the field of education since 1997. His experiences include desktop and network support at the community college and university level with his most recent experience being in IT support management at a school district. He is looking forward to providing training and support for SAIS to the many LEA's around Northern Arizona.

Introducing the School Finance Research Analyst—Yun (Jo) Zhou

Yun is currently a PhD student at Arizona State University. She has a Masters degree in Sociology and a Graduate Certificate in Statistics. She has over three years experience in national surveys and educational data analysis and is looking forward to applying her analytical and research skills to provide forecasting and projection models for educational expenditures and payments.

Certificates of Educational Convenience (CEC) Funding

There are three different types of CEC students, all three are described below. If your district has any students who qualify for the additional state funding for CECs and wish to apply for the funds, the districts must first apply for the certificate through the County Superintendents office, enter their students into SAIS with the appropriate CEC code and fill out the appropriate worksheets. If you have any questions regarding this funding, please contact the School Finance Payments Team at (602) 542-5695.

CEC-A: Per A.R.S. 15-825 A, a CEC-A student is one who is precluded from attending their DOR by distance or lack of adequate transportation facilities OR who lives in unorganized territory. If a district has a CEC-A student who also has a group B disability, they may apply for a Certificate from the County Superintendent's office and request "Actual Costs" or "Excess Costs" funding from the ADE.

CEC-B: Per A.R.S. 15-825 B, a CEC-B student is one who is placed by a state agency or a state or federal court into a foster home, a residential facility, or a state rehabilitation or correction institution. If a district has a CEC-B student who also has a group B disability, they may apply for a Certificate from the County Superintendent's office and request "Actual Costs" or "Excess Costs" funding from the ADE.

976: Please see the School Finance memorandum regarding reporting 976 students to ADE and for the funding formula on our website. Per A.R.S. 15-976, a student whose parents are employed by **and** live at the state hospital, the state school for the deaf and blind, mental retardation centers, port of entry inspection stations and institutions, or facilities maintained by the state department of corrections may be eligible for additional state dollars.

All forms and memorandums for FY 2007 CECs will be available on our website at http://www.ade.az.gov/schoolfinance/Forms/CEC/ in the early part of March.

Helpful Hints:
- Since districts can only receive excess funding on those students who have a group B disability, it is not necessary to apply for a certificate from the county for those students without a group B disability.
- ADE will only include students who have a certificate from the county and are flagged as a CEC student in SAIS in the Excess Costs/Actual Costs funding calculations.
- If the district tuitions any CEC students to a private facility, they may apply for Actual Costs funding and submit the actual tuition invoices to the department.
- Eligibility for CECs are based on district boundaries, an accommodation district's boundaries encompass the entire county. Unless the student resides in another county, an accommodation district is not eligible for CEC funding.

Charter School Corner

ELL Funding: Charters will begin receiving funding from actual ELL SAIS data with the April 15, 2007 payment. To ensure maximum ELL funding, please verify that the data that resides in SAIS is complete and accurate before each month end by checking the ADE generated reports that are available in the Download Area of the Student Detail Data Interchange. The SDELL71, SDELL72, and SDELL70 reports contain real time, raw data that has been submitted to and has been successfully processed in SAIS. If you require assistance with these reports, or need assistance with any SAIS related issue, please submit a Request for SAIS Training and Assistance form available on the STaR Team's website at http://www.ade.az.gov/schoolfinance/STaR/TrainingAndAssistRequest/RequestForm.aspx.

Charter School Enrollment Packet: Please watch for the FY 2008 Charter School Enrollment Packet the first part of May 2007. The enrollment packet will be distributed via email and posted to the ADE School Finance website. If you have any questions, please contact Karla Dunn at (602) 542-8240, or via email at Karla.Dunn@azed.gov.

LEA Contact Information: Many of the units within ADE send out correspondence via email. There are several LEA's not receiving any information from ADE because their contact information is incorrect or incomplete in our database. Please take a minute to verify that your charter's contact information is correct on our education directory at http://www.ade.az.gov/edd/. If you need to make changes to any email addresses, phone numbers, or contact persons other than Contract Signer, you can make the changes through the Core Data Application available on the Contract Signer's Common Log On account. If you require assistance with this application, please contact the ADE Support Center at (602) 542-7378, (866) 577-9636, or via email at ADESupport@azed.gov. Changes other than those listed above must be submitted to the charter school's sponsor.

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In this issue, I am proposing that the ADE/School Finance and the Local Education Agencies (LEAs) establish a subcommittee (or subcommittees) within the School Finance Advisory Committee to identify critical performance indicators that reflect how well or how poorly we are progressing against defined objectives. One thing that we will need to do is agree on a common definition of our high priority objectives and what the term *performance* means in both of our work environments. What I mean by the previous statement is that there are different pressures and accountabilities on the administrative and business offices of school districts and charter holders when compared to the pressures and accountabilities of the state Department of Education. These pressures and accountabilities may demand that we view certain activities from different perspectives, and, consequently, will need to establish an agreed-upon way to discuss them when these differences occur. In other words, we will need to identify the key things that the districts and charter school administrative offices look at to determine the success or failure of their local business operations, and compare those indicators to the ones we use at the state level. Once we have identified a common set of metrics or measurements, we will work collaboratively to define prioritized projects on which to focus our efforts. School Finance has a particular interest in improving the School Data Employee Report (SDER) database and acquiring a better understanding of issues related to teacher retention.

My proposed methodology and a recommended project structure will be the topics of articles in future issues of the *School Finance Beacon*.

As always, we thank you for your participation and we look forward to seeing you at the next School Finance Advisory Committee scheduled for April 9, 2007 in the 2nd Floor Conference Room of the Capitol building.

Spring Cleaning

Following an analysis of last year's recalculation, we have found a number of issues related to the unexpected change in Average Daily Membership. These issues are bulleted below.

- Some business rules are only activated after the 100th Day.
- Code migrations due to bug fixes were only applied to a limited number of Local Education Agencies (LEAs).
- LEAs could only respond to these changes through a Data Correction Request or 915.
- With our limited resources, ADE could only address the most significant changes in ADM.
- The analysis for all of these ADM changes could delay the opening of SAIS for the following fiscal year.
- Charters and districts could not have reliable numbers for their budgets due by May 15.

Although the recalculation is the only way to ensure all of the data has been processed through all of the business rules, we have established a new process, called the Spring Cleaning, to minimize the effects of a recalculation. This new process will reset the integrity flags and queue up all students in the state following the month end process in March. The current plan is to perform the Spring Cleaning in a way that does not impact the availability of SAIS for data submissions. However, since all of the data will be reprocessed, we could expect a delay of integrity results until the beginning of the mid month process for April. We also expect the April mid month aggregation to take a few more hours to complete.

We believe the Spring Cleaning in the beginning of April will greatly benefit the LEAs in a number of ways.

- The mid month for April would produce aggregation results that should be reliably close to what is expected for the year end recalculation and for budget revisions as applicable.
- Any changes in ADM outside of a data submission will be due to code migrations after April 1st.
- LEAs will have time before the end of the fiscal year to submit data changes and avoid the need for a Data Correction Request.
- The time needed to analyze the data from the year end recalculation before reopening SAIS for the next fiscal year would be greatly reduced.

Expect to receive some more reminders as we approach the Spring Cleaning. If you have further questions or concerns about this process please contact Teddy Dumlao in School Finance Operations Support via email (Teddy.Dumlao@azed.gov) or by phone at (602) 364-2033.

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